

DESCRIPTION AND JUSTIFICATION
Dunkirk and Fredonia Telephone Company (D&F) Tariff F.C.C. No. 2
Transmittal No. 32
July 1, 2004

Dunkirk and Fredonia Telephone Company (D&F), an incumbent local exchange carrier (ILEC) operating in New York, hereby provides a Description and Justification for its Residential, Single Line Business and Multi-Line Business End User Common Line (EUCL) rates proposed under Transmittal No. 32 of the Dunkirk and Fredonia Tariff F.C.C. No. 2 (D&F Tariff FCC No. 2).

With respect to Traffic Sensitive, Special Access and Common Line rates other than EUCL rates, D&F Tariff FCC No. 2 references National Exchange Carrier Tariff F.C.C. No. 5 (NECA Tariff FCC No. 5). Thus, this filing only addresses EUCL rates. Because the rate changes proposed in this filing are limited to decreases, this filing is made on seven days notice pursuant to Section 204(a)(3) of the Communications Act.

Specifically, the multiline business EUCL rate, and the corresponding Centrex EUCL rate, are decreasing from \$7.09 per line to \$7.02 per line. The single line EUCL rate remains at the capped level of \$6.50 per line.

Because all interstate rates charged by D&F other than EUCL charges are based on NECA Tariff FCC No. 5, the effect of this filing is limited to end user customers.

Description of Filing

This summary together with the accompanying revised tariff material has been filed by JSI on behalf of D&F in order to comply with the rules and regulations of the Federal Communications Commission (Commission) with respect to annual access charge filings.

The instant filing is made in accordance with the Commission's April 19, 2004 release entitled In the Matter of Material to be Filed in Support of 2004 Annual Access Charge Tariff Filings, Tariff Review Plans, DA 04-1048 (*2004 TRP Order*), together with the June 10, 2004 release entitled In the Matter of Material to be Filed in Support of 2004 Annual Access Charge Tariff Filings, Tariff Review Plans, Errata, DA 04-1700 (*2004 TRP Errata*). As D&F's proposed rate revisions are limited to decreases, this filing is made on seven days notice under Section 204(a)(3) of the Communications Act.

Justification for Cost Support and Rate Development

In addition to the summary information provided herein, the cost support data associated with this filing is contained in one volume comprising Attachments #1-9. The Certification of the cost support data for this filing is shown in Attachment #10 included separately. All required Tariff Review Plan Schedules (TRP Schedules) are included with the cost support material in accordance with the aforementioned 2004 TRP Order and 2004 TRP Errata.

Description and Justification

**Dunkirk and Fredonia Telephone Company Tariff F.C.C. No. 2 –
Transmittal No. 32**

Page 2

In accordance with Section 61.38(b)(1)(ii) of the Commission’s rules and regulations, a projection of D&F’s costs has been made for the fiscal year ending June 30, 2005 (also referred to herein as the July 1, 2004-June 30, 2005 Test Year Cost of Service or “TYCOS”). The costs for the twelve (12) month period ending June 30, 2005 (TYCOS) have been based on financial estimates and projections of D&F, and are summarized as follows:

Summary Development of Traffic Sensitive Revenue	
Requirement	Attachment #1
Part 69 - Access Charge Development	Attachment #2
Part 36 – Separations of Costs	Attachment #3
Unseparated Cost Information	Attachment #4

In accordance with Section 61.38(b)(1)(i) of the Commission’s rules and regulations, attached is a cost of service study for the most recent twelve (12) month period ending December 31, 2003, identified as follows (also referred to herein as the 2003 Prior Year Cost of Service or “PYCOS”):

Summary Development of Traffic Sensitive Revenue	
Requirement	Attachment #5
Part 69 - Access Charge Development	Attachment #6
Part 36 – Separations of Costs.....	Attachment #7
Unseparated Cost Information.....	Attachment #8

Description and Justification**Dunkirk and Fredonia Telephone Company Tariff F.C.C. No. 2 –
Transmittal No. 32****Page 3****Recap Of Test Year Cost of Service (TYCOS) Compared with Prior Year Cost of
Service (PYCOS) for Common Line**

Following is a summary of the Multiline EUCL rate development for the proposed rate to become effective July 1, 2004 compared with the rate development for current rate per the 2003 annual filing (Transmittal No. 31).

	2003 TYCOS Trans 31 Attach. 1	2004 TYCOS Trans 32 Attach. 1	Change	% Change
Common Line Revenue Requirement	\$1,075,962	\$1,011,605	(\$64,357)	-5.98%
Access Lines	12,652	12,016	(636)	-5.03%
Monthly Rev. Req. Per Line	\$7.09	\$7.02	(\$0.07)	-1.00%

The following summary compares the development of the Multiline EUCL rate proposed in the instant filing to the actual Common Line monthly cost per access line for the 2003 and 2002 Prior Year Cost of Service (PYCOS) revenue requirements included, respectively, in the instant transmittal and Transmittal 31.

	2002 PYCOS Trans 31 Attach. 4	2003 PYCOS Trans 32 Attach. 4	Change	% Change	2004 TYCOS Trans 32 Attach. 1	2004 TYCOS Over (Under) 2003 PYCOS	% Change
Common Line Revenue Requirement	\$1,099,363	\$1,025,112	(\$74,251)	-6.75%	\$1,011,605	(\$13,507)	-1.34%
Access Lines	12,270	11,391	(879)	-7.16%	12,016	625	5.20%
Rev. Req. Per Line	\$7.47	\$7.50	\$0.03	0.44%	\$7.02	(\$0.48)	-6.90%

Based on the foregoing, including the analyses at Attachments 1 through 9, the annual filing of Dunkirk and Fredonia Telephone Company resulting in rate decreases for Multiline Business End User Common Line charges is compliant with applicable Commission rules and otherwise reasonable in all respects.